REMARKS/ARGUMENTS

The Office Action of November 6, 2006, has been reviewed, and in view of the foregoing amendments and following remarks, reconsideration and allowance of all of the claims pending in the application are respectfully requested. Claims 1-6, 8-21 and 23-44 remain pending. Claims 7 and 22 are canceled. Claim 6 has been amended to correct "step" to "steps" for consistency. No new matter has been added.

Power of Attorney

This patent application was accorded Rule 1.47(b) status on September 3, 2002. Per this Decision, the instant application is recognized as being filed by J.P. Morgan Chase Co. as the party in interest. A revocation and appointment of new power of attorney was filed February 24, 2006 and accepted in the Notice of Acceptance of Power of Attorney mailed March 28, 2006.

Claim Rejections under 35 U.S.C. § 112

Applicants appreciate the withdrawal of the rejections under 35 U.S.C. 112, first paragraph.

Claim Rejections under 35 U.S.C. § 103(a)

Claims 1-6, 8-21 and 23-44 are currently rejected under 35 U.S.C. § 103(a) as being allegedly unpatentable over U.S. Patent No. 6,073,104 to Field ("Field") in view of "The Measure of Liquidity," Journal of Accounting Research, vol. 20, no. 2, part I to Emery *et al* ("Emery").

An embodiment of the claimed invention is directed to estimating reduced liquidity needs that is less than if the underlying assets were guaranteed individually. For example, a reduced liquidity level may be estimated with an assurance that the reduced level can reliably satisfy liquidity needs where the reduced liquidity funding level is a percentage of and is less than the full liquidity requirement of the issuers. This modeling may be based at least in part on simulating rating movements over time, including simulation of likelihood of draw, likelihood of continuing draw, and extent of draw amount.

In contrast, Field appears to be directed to a system for invoice record management and asset-backed commercial paper management. The Field system is a management system for generating accounting detail. *See* Field, Abstract. Fields purports to generate statistical information including (1) a net collectible value matrix and (2) a collection histogram. *Id.* The net collectible value matrix shows the percentage of the claim actually paid by individual payers. *Id.* The collection histogram shows the timing of payments from the date of initial billing. *Id.* However, Field fails to disclose any estimation of a reduced liquidity level, as recited by the claims. Further, Field fails to consider a draw event, a continuing draw event, and a new draw event, as recited by the claims. In addition, the Office Action fails to properly address these limitations and identify where in the applied references the limitations are disclosed.

Emery appears to provide a general disclosure directed to liquidity measurement for credit evaluations and empirical research in accounting. The purpose of the Emery reference is to provide liquidity measures that are not subject to limitations. *See* Emery, p. 290. The Office Action relies on Emery's disclosure of "a reasonable way to measure relative liquidity." *Id.* at 293. However, Emery provides no teaching directed to any determination of a **reduced** liquidity

level as recited by the claimed inventions, and further fails to provide any teaching relating to a draw event, a continuing draw event, and a new draw event, as recited by the claims.

The Office Action admits the major deficiencies of Field. More specifically, the Office Action admits that Field does not disclose using the collected data to "calculate liquidity." *See* page 3, Office Action mailed November 6, 2006. However, the Office Action fails to further acknowledge that Field does not disclose "estimating a ***reduced*** liquidity level ... that is ***less than*** the full liquidity commitment," as recited by the claims.

The Office Action has failed to meet its burden of demonstrating the presence of each claim limitation in the applied references. To establish *prima facie* obviousness of a claimed invention, all the claim limitations must be taught or suggested by the prior art. *In re Royka*, 490 F.2d 981 (CCPA 1974). All words in a claim must be considered in judging the patentability of that claim against the prior art. *In re Wilson*, 424 F.2d 1382, 1385 (CCPA 1970).

The Office Action[1] has failed to address or make any attempt to address at least the claim limitations directed to: "determining a rating for each of the plurality of assets guaranteeing the financial instrument for a predetermined period of time wherein the rating provides an indication of creditworthiness of an issuer of each asset;" "determining a rating transition probability for each of the plurality of assets for the predetermined period of time based at least in part on statistics indicating a likelihood of a rating transition based on historical data;" "determining whether *a draw event* occurred for a time period prior to the predetermined time period;" "determining *a probability of a continuing draw event* over the predetermined time period, if the draw event is determined;" "determining *a probability of a new draw event* for a time period

[1] Despite Applicants' amendments in the RCE filing, the Office Action merely repeats the same arguments as before without any meaningful consideration of the amendments submitted on August 18, 2006.

after the predetermined time period, if no draw event is determined;" "wherein the steps of determining a rating, determining a rating transition probability, determining whether a draw event occurred, determining a probability of a continuing draw event and determining a probability of a new draw event are performed for a plurality of predetermined time periods to perform *a simulation to predict one or more liquidity funding needs associated with the plurality of assets*;" and "*estimating* ***a reduced liquidity level for the financial instrument that is less than the full liquidity commitment for the financial instrument*** *wherein the reduced liquidity level satisfies the one or more liquidity funding needs as determined by the simulation.*"

Based on the disclosures of Field and Emery, the Office Action summarily concludes that it would have been obvious to combine the disclosures of Field and Emery "to calculate liquidity for commercial paper (conduits)." *See* page 2, Office Action mailed November 6, 2006. The Office Action further alleges that "[i]t is clear that any financial services organization would be motivated to calculate liquidity for commercial paper to decrease the risk of their investments and allow them to potentially minimize the guarantee or collateral necessary." *Id.* The Office Action has failed to provide a proper statement of motivation for combining these two disparate references and has improperly ignored claim limitations. More specifically, the Office Action's statement of motivation fails to address "estimating a reduced liquidity level … that is less than the full liquidity level." Further, the alleged statement of motivation is based on improper hindsight. More specifically, the Office Action has failed to identify where in Emery such a teaching for decreasing the risk of investments is provided and how that this alleged teaching would even apply in Field's management system that generates accounting detail.

Rejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the

legal conclusion of obviousness. *In re Lee*, 277 F.3d 1338, 1343-46 (Fed. Cir. 2002); *In re Rouffet*, 149 F.3d 1350, 1355-1359 (Fed. Cir. 1998). This requirement is as much rooted in the Administrative Procedure Act, which ensures due process and non-arbitrary decisionmaking. *See In re Lee,* 277 F.3d at 1344-45.

Completely missing from the Office Action's conclusion of obviousness is the rigorous analysis required by *Graham v. John Deere Co. See, e.g., In re Dembiczak*, 175 F.3d at 999 ("Our case law makes clear that the best defense against the subtle but powerful attraction of a hindsight-based obviousness analysis is rigorous application of the requirement for a showing of the teaching or motivation to combine prior art references."). The need for specificity pervades this authority. *See, e.g., In re Kotzab*, 217 F.3d 1365, 1371 (Fed. Cir. 2000) ("particular findings must be made as to the reason the skilled artisan, with no knowledge of the claimed invention, would have selected these components for combination in the manner claimed").

Therefore, the Office Action has failed to set forth a *prima facie* case of obviousness for the independent claims. Specifically, when a primary reference is missing elements, the law of obviousness requires that the Office set forth some motivation why one of ordinary skill in the art would have been motivated to modify the primary reference in the exact manner proposed. *Ruiz v. A.B. Chance Co.*, 234 F.3d 654, 664 (Fed. Cir. 2000). In other words, there must be some recognition that the primary reference has a problem and that the proposed modification will solve that exact problem. All of this motivation must come from the teachings of the prior art to avoid impermissible hindsight looking back at the time of the invention.

In the present case, the Office Action's justification for combining Field and Emery has absolutely nothing to do with the deficiencies of Field. As admitted by the Office Action, Field fails to show at least calculating liquidity and further "calculating a liquidity requirement .. that

is ***less than*** the full liquidity requirement for the commitments." To properly modify Field to correct for these major deficiencies, the Office Action has the burden to show some motivation why providing those elements would have overcome some perceived problem with Field, which is directed to invoice record management. Any such motivation is completely lacking. Even if the combination of Field and Emery could be modified as suggested by the Office Action, the resulting combination would nevertheless fail to show each and every limitation claimed by Applicants.

The mere fact that Field and Emery can be somehow combined and modified does not render the resultant modification obvious unless there is a suggestion or motivation found somewhere in the prior art regarding the desirability of the combination or modification. *See* M.P.E.P § 2143.01*; see also In re Mills*, 16 U.S.P.Q.2d 1430, 1432 (Fed. Cir. 1990); *In re Fritz*, 23 U.S.P.Q.2d 1780 (Fed. Cir. 1992). In addition, the teaching or suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art, not in Applicants' disclosure. *In re Vaeck*, 947 F.2d 488, 20 U.S.P.Q.2d 1438 (Fed. Cir. 1991).

As the remaining dependent claims encompass the limitations of independent claims, these claims should be allowed for at least the reasons stated above.

CONCLUSION

In view of the foregoing amendments and arguments, it is respectfully submitted that this application is now in condition for allowance. If the Examiner believes that prosecution and allowance of the application will be expedited through an interview, whether personal or telephonic, the Examiner is invited to telephone the undersigned with any suggestions leading to the favorable disposition of the application.

It is believed that no fees are due for filing this Response. However, the Director is hereby authorized to treat any current or future reply, requiring a petition for an extension of time for its timely submission as incorporating a petition for extension of time for the appropriate length of time. Applicants also authorize the Director to charge all required fees, fees under 37 C.F.R. §1.17, or all required extension of time fees, to the undersigned's Deposit Account No. 50-0206.

Respectfully submitted,

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